

1 AN ACT in relation to public employee benefits.

2 Be it enacted by the People of the State of Illinois,
3 represented in the General Assembly:

4 Section 5. The Illinois Pension Code is amended by
5 changing Sections 16-132, 16-133, 17-116, and 17-119 as
6 follows:

7 (40 ILCS 5/16-132) (from Ch. 108 1/2, par. 16-132)

8 Sec. 16-132. Retirement annuity eligibility. A member
9 who has at least 20 years of creditable service is entitled
10 to a retirement annuity upon or after attainment of age 55.
11 A member who has at least 10 but less than 20 years of
12 creditable service is entitled to a retirement annuity upon
13 or after attainment of age 60. A member who has at least 5
14 but less than 10 years of creditable service is entitled to a
15 retirement annuity upon or after attainment of age 62. A
16 member who ~~(i) has earned during the period immediately~~
17 ~~preceding the last day of service at least one year of~~
18 ~~contributing creditable service as an employee of a~~
19 ~~department as defined in Section 14-103.04, (ii) has earned~~
20 ~~at least 5 years of contributing creditable service as an~~
21 ~~employee of a department as defined in Section 14-103.04, and~~
22 ~~(iii) retires on or after the effective date of this~~
23 ~~amendatory Act of the 92nd General Assembly January 17, 2001~~
24 is entitled to a retirement annuity upon or after attainment
25 of an age which, when added to the number of years of his or
26 her total creditable service, equals at least 85. Portions
27 of years shall be counted as decimal equivalents.

28 A member who is eligible to receive a retirement annuity
29 of at least 74.6% of final average salary and will attain age
30 55 on or before December 31 during the year which commences
31 on July 1 shall be deemed to attain age 55 on the preceding

1 June 1.

2 A member meeting the above eligibility conditions is
3 entitled to a retirement annuity upon written application to
4 the board setting forth the date the member wishes the
5 retirement annuity to commence. However, the effective date
6 of the retirement annuity shall be no earlier than the day
7 following the last day of creditable service, regardless of
8 the date of official termination of employment. To be
9 eligible for a retirement annuity, a member shall not be
10 employed as a teacher in the schools included under this
11 System or under Article 17, unless the member is disabled (in
12 which event, eligibility for salary must cease), or unless
13 the System is required by federal law to commence payment due
14 to the member's age; the changes to this sentence made by
15 this amendatory Act of 1991 shall apply without regard to
16 whether the member terminated employment before or after its
17 effective date.

18 (Source: P.A. 90-582, eff. 5-27-98; 91-927, eff. 12-14-00.)

19 (40 ILCS 5/16-133) (from Ch. 108 1/2, par. 16-133)

20 Sec. 16-133. Retirement annuity; amount.

21 (a) The amount of the retirement annuity shall be the
22 larger of the amounts determined under paragraphs (A) and (B)
23 below:

24 (A) An amount consisting of the sum of the
25 following:

26 (1) An amount that can be provided on an
27 actuarially equivalent basis by the member's
28 accumulated contributions at the time of retirement;
29 and

30 (2) The sum of (i) the amount that can be
31 provided on an actuarially equivalent basis by the
32 member's accumulated contributions representing
33 service prior to July 1, 1947, and (ii) the amount

1 that can be provided on an actuarially equivalent
2 basis by the amount obtained by multiplying 1.4
3 times the member's accumulated contributions
4 covering service subsequent to June 30, 1947; and

5 (3) If there is prior service, 2 times the
6 amount that would have been determined under
7 subparagraph (2) of paragraph (A) above on account
8 of contributions which would have been made during
9 the period of prior service creditable to the member
10 had the System been in operation and had the member
11 made contributions at the contribution rate in
12 effect prior to July 1, 1947.

13 (B) An amount consisting of the greater of the
14 following:

15 (1) For creditable service earned before July
16 1, 1998 that has not been augmented under Section
17 16-129.1: 1.67% of final average salary for each of
18 the first 10 years of creditable service, 1.90% of
19 final average salary for each year in excess of 10
20 but not exceeding 20, 2.10% of final average salary
21 for each year in excess of 20 but not exceeding 30,
22 and 2.30% of final average salary for each year in
23 excess of 30; and

24 For creditable service earned on or after July
25 1, 1998 by a member who has at least 24 years of
26 creditable service on July 1, 1998 and who does not
27 elect to augment service under Section 16-129.1:
28 2.2% of final average salary for each year of
29 creditable service earned on or after July 1, 1998
30 but before the member reaches a total of 30 years of
31 creditable service and 2.3% of final average salary
32 for each year of creditable service earned on or
33 after July 1, 1998 and after the member reaches a
34 total of 30 years of creditable service; and

1 For all other creditable service: 2.2% of
2 final average salary for each year of creditable
3 service; or

4 (2) 1.5% of final average salary for each year
5 of creditable service plus the sum \$7.50 for each of
6 the first 20 years of creditable service.

7 The amount of the retirement annuity determined under
8 this paragraph (B) shall be reduced by 1/2 of 1% for each
9 month that the member is less than age 60 at the time the
10 retirement annuity begins. However, this reduction shall
11 not apply (i) if the member has at least 35 years of
12 creditable service, or (ii) if the member retires on
13 account of disability under Section 16-149.2 of this
14 Article with at least 20 years of creditable service, or
15 (iii) if the member ~~(1)--has-earned-during-the-period~~
16 ~~immediately-preceding-the-last-day-of--service--at--least~~
17 ~~one---year--of--contributing--creditable--service--as--an~~
18 ~~employee-of-a-department-as-defined-in-Section-14-103.04,~~
19 ~~(2)--has--earned--at--least--5--years---of---contributing~~
20 ~~creditable--service--as--an--employee--of--a--department--as~~
21 ~~defined-in-Section-14-103.04,-(3)~~ retires on or after the
22 effective date of this amendatory Act of the 92nd General
23 Assembly January 17, 2001, and ~~(4)~~-retires having attained
24 an age which, when added to the number of years of his or
25 her total creditable service, equals at least 85.
26 Portions of years shall be counted as decimal
27 equivalentents.

28 (b) For purposes of this Section, final average salary
29 shall be the average salary for the highest 4 consecutive
30 years within the last 10 years of creditable service as
31 determined under rules of the board. The minimum final
32 average salary shall be considered to be \$2,400 per year.

33 In the determination of final average salary for members
34 other than elected officials and their appointees when such

1 appointees are allowed by statute, that part of a member's
2 salary for any year beginning after June 30, 1979 which
3 exceeds the member's annual full-time salary rate with the
4 same employer for the preceding year by more than 20% shall
5 be excluded. The exclusion shall not apply in any year in
6 which the member's creditable earnings are less than 50% of
7 the preceding year's mean salary for downstate teachers as
8 determined by the survey of school district salaries provided
9 in Section 2-3.103 of the School Code.

10 (c) In determining the amount of the retirement annuity
11 under paragraph (B) of this Section, a fractional year shall
12 be granted proportional credit.

13 (d) The retirement annuity determined under paragraph
14 (B) of this Section shall be available only to members who
15 render teaching service after July 1, 1947 for which member
16 contributions are required, and to annuitants who re-enter
17 under the provisions of Section 16-150.

18 (e) The maximum retirement annuity provided under
19 paragraph (B) of this Section shall be 75% of final average
20 salary.

21 (f) A member retiring after the effective date of this
22 amendatory Act of 1998 shall receive a pension equal to 75%
23 of final average salary if the member is qualified to receive
24 a retirement annuity equal to at least 74.6% of final average
25 salary under this Article or as proportional annuities under
26 Article 20 of this Code.

27 (Source: P.A. 90-582, eff. 5-27-98; 91-17, eff. 6-4-99;
28 91-887, eff. 7-6-00; 91-927, eff. 12-14-00.)

29 (40 ILCS 5/17-116) (from Ch. 108 1/2, par. 17-116)
30 Sec. 17-116. Service retirement pension.

31 (a) Each teacher having 20 years of service upon
32 attainment of age 55, or who thereafter attains age 55 shall
33 be entitled to a service retirement pension upon or after

1 attainment of age 55, and Each teacher in service on or
 2 after July 1, 1971, with 5 or more but less than 20 years of
 3 service shall be entitled to receive a service retirement
 4 pension upon or after attainment of age 62. A teacher in
 5 service on or after the effective date of this amendatory Act
 6 of the 92nd General Assembly with 5 or more years of service
 7 shall be entitled to receive a service retirement pension
 8 upon or after attainment of any age which, when added to the
 9 number of years of his or her total creditable service,
 10 equals at least 85.

11 (b) The service retirement pension for a teacher who
 12 retires on or after June 25, 1971, at age 60 or over, or
 13 retires on or after the effective date of this amendatory Act
 14 of the 92nd General Assembly at an age which, when added to
 15 the number of years of his or her total creditable service,
 16 equals at least 85, shall be calculated as follows:

17 (1) For creditable service earned before July 1,
 18 1998 that has not been augmented under Section 17-119.1:
 19 1.67% for each of the first 10 years of service; 1.90%
 20 for each of the next 10 years of service; 2.10% for each
 21 year of service in excess of 20 but not exceeding 30; and
 22 2.30% for each year of service in excess of 30, based
 23 upon average salary as herein defined.

24 (2) For creditable service earned on or after July
 25 1, 1998 by a member who has at least 30 years of
 26 creditable service on July 1, 1998 and who does not elect
 27 to augment service under Section 17-119.1: 2.3% of
 28 average salary for each year of creditable service earned
 29 on or after July 1, 1998.

30 (3) For all other creditable service: 2.2% of
 31 average salary for each year of creditable service.

32 (c) When computing such service retirement pensions, the
 33 following conditions shall apply:

34 1. Average salary shall consist of the average

1 annual rate of salary for the 4 consecutive years of
2 validated service within the last 10 years of service
3 when such average annual rate was highest. In the
4 determination of average salary for retirement allowance
5 purposes, for members who commenced employment after
6 August 31, 1979, that part of the salary for any year
7 shall be excluded which exceeds the annual full-time
8 salary rate for the preceding year by more than 20%. In
9 the case of a member who commenced employment before
10 August 31, 1979 and who receives salary during any year
11 after September 1, 1983 which exceeds the annual full
12 time salary rate for the preceding year by more than 20%,
13 an Employer and other employers of eligible contributors
14 as defined in Section 17-106 shall pay to the Fund an
15 amount equal to the present value of the additional
16 service retirement pension resulting from such excess
17 salary. The present value of the additional service
18 retirement pension shall be computed by the Board on the
19 basis of actuarial tables adopted by the Board. If a
20 member elects to receive a pension from this Fund
21 provided by Section 20-121, his salary under the State
22 Universities Retirement System and the Teachers'
23 Retirement System of the State of Illinois shall be
24 considered in determining such average salary. Amounts
25 paid after the effective date of this amendatory Act of
26 1991 for unused vacation time earned after that effective
27 date shall not under any circumstances be included in the
28 calculation of average salary or the annual rate of
29 salary for the purposes of this Article.

30 2. Proportionate credit shall be given for
31 validated service of less than one year.

32 3. For retirement at age 60 or over the pension
33 shall be payable at the full rate.

34 4. For separation from service below age 60 to a

1 minimum age of 55, the pension shall be discounted at the
2 rate of 1/2 of one per cent for each month that the age
3 of the contributor is less than 60, but a teacher may
4 elect to defer the effective date of pension in order to
5 eliminate or reduce this discount. This discount shall
6 not be applicable to any participant who has at least 34
7 years of service or a retirement pension of at least
8 74.6% of average salary on the date the retirement
9 annuity begins, or whose age, when added to the number of
10 years of his or her total creditable service, equals at
11 least 85.

12 5. No additional pension shall be granted for
13 service exceeding 45 years. Beginning June 26, 1971 no
14 pension shall exceed the greater of \$1,500 per month or
15 75% of average salary as herein defined.

16 6. Service retirement pensions shall begin on the
17 effective date of resignation, retirement, the day
18 following the close of the payroll period for which
19 service credit was validated, or the time the person
20 resigning or retiring attains age 55, or on a date
21 elected by the teacher, whichever shall be latest.

22 7. A member who is eligible to receive a retirement
23 pension of at least 74.6% of average salary and will
24 attain age 55 on or before December 31 during the year
25 which commences on July 1 shall be deemed to attain age
26 55 on the preceding June 1.

27 8. A member retiring after the effective date of
28 this amendatory Act of 1998 shall receive a pension equal
29 to 75% of average salary if the member is qualified to
30 receive a retirement pension equal to at least 74.6% of
31 average salary under this Article or as proportional
32 annuities under Article 20 of this Code.

33 (Source: P.A. 90-566, eff. 1-2-98; 90-582, eff. 5-27-98.)

1 (40 ILCS 5/17-119) (from Ch. 108 1/2, par. 17-119)
2 Sec. 17-119. Automatic annual increase in pension. Each
3 teacher retiring on or after September 1, 1959, is entitled
4 to the annual increase in pension, defined herein, while he
5 is receiving a pension from the Fund.

6 1. The term "base pension" means a service retirement or
7 disability retirement pension in the amount fixed and payable
8 at the date of retirement of a teacher.

9 2. The annual increase in pension shall be at the rate
10 of 1 1/2% of base pension. This increase shall first occur
11 in January of the year next following the first anniversary
12 of retirement. At such time the Fund shall pay the pro rata
13 part of the increase for the period from the first
14 anniversary date to the date of the first increase in
15 pension. Beginning January 1, 1972, the rate of annual
16 increase in pension shall be 2% of the base pension.
17 Beginning January 1, 1979, the rate of annual increase in
18 pension shall be 3% of the base pension. Beginning January
19 1, 1990, all automatic annual increases payable under this
20 Section shall be calculated as a percentage of the total
21 pension payable at the time of the increase, including all
22 increases previously granted under this Article,
23 notwithstanding Section 17-157.

24 3. An increase in pension shall be granted only if the
25 retired teacher is age 60 or over. If the teacher attains
26 age 60 after retirement, the increase in pension shall begin
27 in January of the year following the 61st birthday. At such
28 time the Fund also shall pay the pro rata part of the
29 increase from the date of retirement ~~61st--birthday~~ to the
30 date of first increase in pension.

31 In addition to other increases which may be provided by
32 this Section, on January 1, 1981 any teacher who was
33 receiving a retirement pension on or before January 1, 1971
34 shall have his retirement pension then being paid increased

1 \$1 per month for each year of creditable service. On January
2 1, 1982, any teacher whose retirement pension began on or
3 before January 1, 1977, shall have his retirement pension
4 then being paid increased \$1 per month for each year of
5 creditable service.

6 On January 1, 1987, any teacher whose retirement pension
7 began on or before January 1, 1977, shall have the monthly
8 retirement pension increased by an amount equal to 8¢ per
9 year of creditable service times the number of years that
10 have elapsed since the retirement pension began.

11 (Source: P.A. 90-566, eff. 1-2-98.)

12 Section 90. The State Mandates Act is amended by adding
13 Section 8.25 as follows:

14 (30 ILCS 805/8.25 new)

15 Sec. 8.25. Exempt mandate. Notwithstanding Sections 6
16 and 8 of this Act, no reimbursement by the State is required
17 for the implementation of any mandate created by this
18 amendatory Act of the 92nd General Assembly.

19 Section 99. Effective date. This Act takes effect upon
20 becoming law.